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IN THE

Supreme Court of the United States

OCTOBER TERM, 1942

No. 966

GENERAL MOTORS CORPORATION,

Petitioner,

—v.—

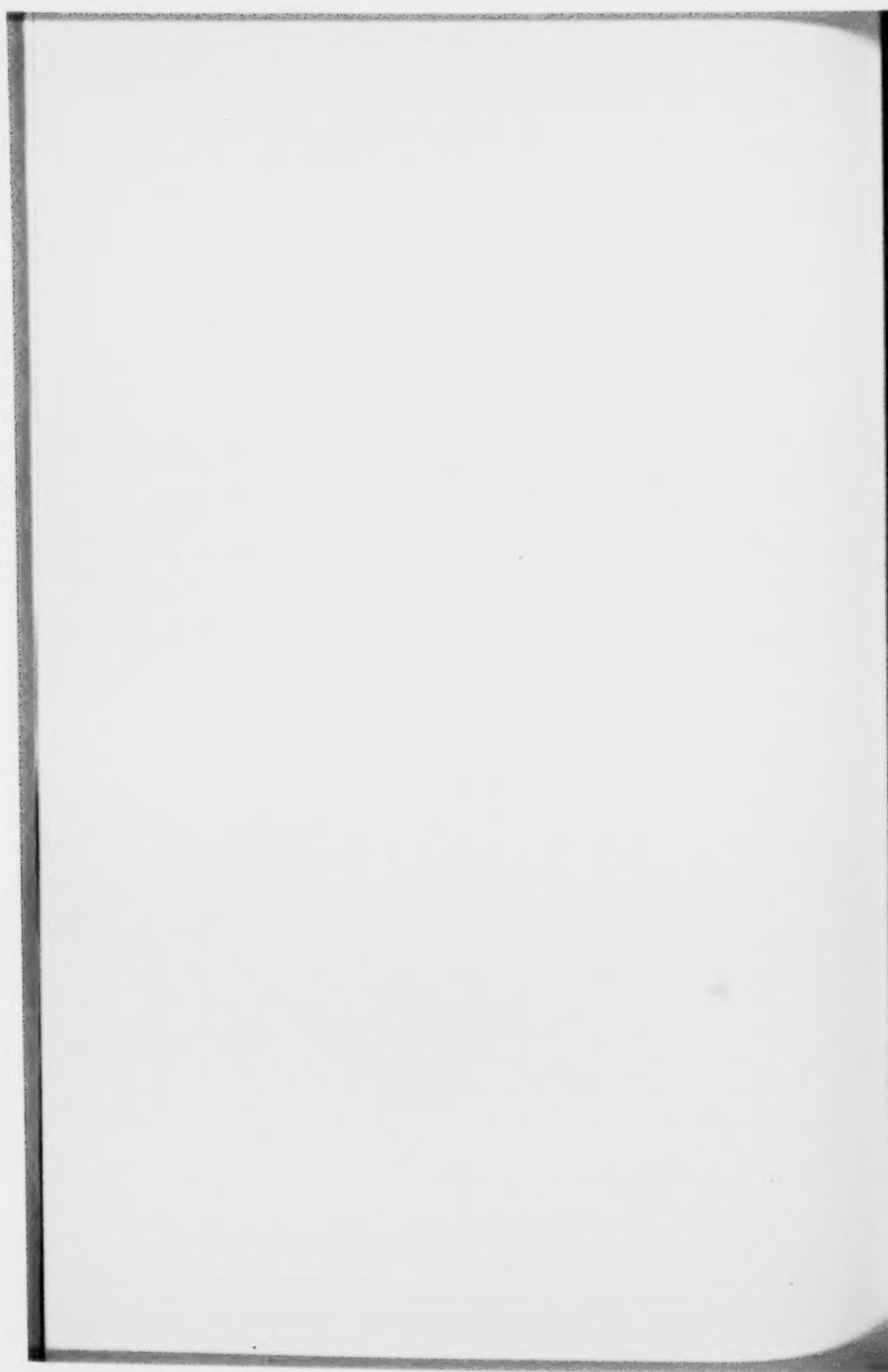
LOUIS LARSON and EDWARD JOHNSTONE,

Respondents.

**RESPONDENTS' BRIEF IN OPPOSITION TO PETITION
FOR A WRIT OF CERTIORARI TO THE UNITED
STATES CIRCUIT COURT OF APPEALS FOR
THE SECOND CIRCUIT**

MURRAY M. COWEN,

EDWARD VOGEL,
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**RESPONDENTS' BRIEF IN OPPOSITION TO PETI-
TION FOR A WRIT OF CERTIORARI TO THE UNITED
STATES CIRCUIT COURT OF APPEALS FOR THE
SECOND CIRCUIT**

Respondents respectfully submit that upon the facts in this case, and the law applicable thereto, the petition for a writ of certiorari to the United States Circuit Court of Appeals, for the Second Circuit, should be denied.

Statement of the Case.

Petitioner was the defendant below. Certain inaccuracies and omissions in defendant's petition necessitate a summary statement of the case by respondents.

On May 5, 1939 respondents filed a complaint in the District Court for the Southern District of New York, stating two causes of action (R. 2-6). By their first cause of action respondents sought money damages in excess of

\$20.00 for defendant's alleged infringement of their patent #1,983,983 (R. 2-4). By their second cause of action respondents sought money damages in excess of \$20.00 for defendant's alleged appropriation of their novel idea (R. 4-5).

The patented device and the idea were not one and the same thing. Petitioner's statement (p. 2) that they were, is not accurate. The idea was only partially set forth in the patent (R. 39—bottom of page), and differed from the patented device in essential details, more fully set forth at pages 5-6 of this brief.

In their patent action respondents alleged that their aforesaid patent was valid, and had been infringed by defendant by the cars defendant had manufactured for the years 1935, 1936, 1937, 1938 and 1939 (R. 3, 30). No other charge of infringement, either past, present or future, was made by respondents.

Defendant's answer denied the material allegations of the complaint, set up affirmative defenses of non-infringement and invalidity of the patent in suit, and in a counterclaim for a declaratory judgment reasserted non-infringement and invalidity and asked to have the said patent adjudged invalid and not infringed (R. 15).

Respondents filed a reply denying the material allegations of defendant's counterclaim (R. 19).

On June 15, 1939 respondents served a general demand for a jury trial of the issues in the case (R. 20). Judge Knox ordered the calendar Commissioner to file said demand (R. 21) and to place the issues raised by respondents' complaint and defendant's answer on the jury calendar for trial before a jury, and to place the issues raised by defendant's counterclaim and reply yet to be served on the non jury calendar (R. 21). Each set of pleadings raised the same issues, to wit, whether the patent in suit was valid and had been infringed. Petitioner, in its statement of the case,

has omitted all reference to respondents' right to a jury trial of the aforesaid issues.

In June 1940, respondents' aforesaid first cause of action for patent infringement, and defendant's aforesaid counterclaim for a declaratory judgment came on for trial before Judge Conger (R. 81). At the opening of the trial, and before any testimony was taken, respondents withdrew all charges of infringement by defendant, and admitted in open Court that none of defendant's cars infringed their patent, as originally alleged, and offered to allow judgment to be entered in defendant's favor and against them dismissing their patent action on the merits (R. 67). The judgment that was finally entered dismissed respondents' first cause of action on patent #1,983,983 on the merits, adjudged that defendant had not infringed thereon, and enjoined respondents from ever claiming infringement or ever threatening to sue anyone, as an infringer, who should sell or use cars manufactured by defendant (R. 81-82). The record is absolutely barren of any suggestion that defendant contemplated any change in the design of its cars (R. 132). The relief thus afforded defendant, furnished it and its customers with a complete protection and guaranty against any further charges of infringement of patent #1,983,983. (*Norton v. San Jose Fruit Packing Co.* (C. C. A. 9) 83 Fed. Rep. 512; *General Chemical Co. v. Standard Wholesale P. & A. Works* (C. C. A. 4) 101 Fed. 2nd 178, 183.)

Respondents thereupon moved for a dismissal of defendant's counterclaim for a declaratory judgment, claiming that their admissions of non-infringement of patent #1,983,983, accompanied by the entry of judgment in defendant's favor on the merits on respondents' patent action together with the injunctive relief against harassment requested by defendant, ended the alleged controversy over the patent (R. 68). They contended (1) that the Court had no further jurisdiction over defendant's counterclaim because of the

absence of an actual controversy, and, (2) if that were not so, then, at least, it was improper for the Court to proceed with a non jury trial of defendant's counterclaim on the issue of validity, in view of defendant's lack of a real and substantial interest in the validity of respondents' patent, and in view of the pendency of respondents' second cause of action triable to a jury, involving issues the trial of which by a jury might be prevented by the Court's findings of invalidity in the non jury trial of defendant's counterclaim for a declaratory judgment. (Incidentally, what respondents feared, actually occurred.)

Defendant resisted respondents' motion for a dismissal of the counterclaim and insisted that it had the right to have the Court pass upon the validity of respondents' patent, despite respondents' admissions of non-infringement and the entry of judgment in its favor. The Court overruled respondents' request for a dismissal of the counterclaim and tried the issue of validity. Judge Conger found the patent to be invalid (R. 66-74), and made separate findings of fact on the issue of validity (R. 74-80), which findings were thereafter used by defendant as the basis for its motion for a summary judgment dismissing respondents' second cause of action (R. 83). Upon the basis of these findings, Judge Leibell held there were no issues to be tried, granted defendant's motion for summary judgment and dismissed respondents' second cause of action (R. 109). Judge Leibell's opinion on the motion for summary judgment appears in the record at pages 100-109.

Respondents' affidavits in opposition to defendant's motion for summary judgment (R. 83-100), and defendant's admissions (R. 40, 41) presented facts that showed the existence of triable issues insofar as the second cause of action is concerned. Nevertheless respondents' second cause of action was summarily disposed of without a jury trial, despite respondents' demand for one, and despite the exis-

tence of triable issues, and upon findings the validity of which are in serious doubt in view of defendant's admissions (R. 40, 41) and Judge Conger's own statements (R. 73-74).

Notices of appeal from the two judgments were filed (R. 82, 110). The notice of appeal from the judgment of Conger, *D. J.*, stated that so much of said judgment was appealed from as adjudged that respondents' patent #1,983,983, was invalid and void (R. 82). In their designation of points to be relied upon on the appeal, respondents stated that they would contend that they had been improperly deprived by the District Court of their constitutional right to a trial by jury of the issues in this case (R. 110) and that the District Court improperly and erroneously adjudicated the issue of the validity of their patent (R. 111).

We stated at page 2 of this brief that the patented device (first cause of action) differed in its essential details from the idea (second cause of action) and that petitioner's statement that they were the identical was not true. We shall now demonstrate the truth of our assertion.

The patent described a device to be mounted on the rear of the operator's seat in a car, which was to act either as a shelf or as a back rest for a seat. Defendant described respondents' patented device as follows (R. 16-17) :

"That on or about April 3, 1934, plaintiffs Louis Larson and Edward Johnstone filed their application for Serial #718,870 for patent in suit #1,983,983 that * * * said application finally eventuated into the grant of the patent in suit to said plaintiffs, containing three claims, which claims, * * * were limited to a member hingedly mounted on the operator's seat and adjusted to function selectively as a backrest for the seat or as a supporting shelf to the rear of the operator's seat
* * *"

The idea (second cause of action) contemplated a change in the construction of the interior of defendant's coupes, the addition of inner opera seats constructed in a novel way, and the elimination of the troublesome outside rumble seats. This idea in complete written detail was admittedly submitted to defendant on February 8, 1934 (R. 85-88). Defendant's first use of this novel seating arrangement was in 1935 (R. 40). The salient features of respondents' idea are itemized at pages 86 and 87 of the record.

A careful comparison of both the patent and the idea discloses that they were different.

(1) The patented device was for use in a six or seven passenger coupe *containing* a rumble seat (R. 28a, 117-119). The idea was limited to a novel construction of the interior of the coupe so as to provide for seats for four passengers, and the *elimination* of the outside troublesome rumble seat (R. 33-35).

(2) The inner seats in the patented device were to be mounted in the body rearwardly of the operator's seat (R. 115, 116). The idea contemplated inner seats to be constructed either solidly to the floor or to swing from the side walls of the car and were to fold back to the side when not in use (R. 33).

(3) The patented device made no change in the length measurement of the roof of the coupe. The idea contemplated the addition of a few inches to the length measurement of the roof of the coupe over the inner seats, leaving the length of the body the same (R. 32).

From the foregoing it is obvious that the idea was for one thing and the patented device was for something entirely different. At least they were not identical as contended by petitioner. While a recovery might have been denied on the patent, one could still have been had for the appropriation of the idea. (*Booth v. Stutz Motor Car Co.*, C. C. A. 7, 1932, 56 F. 2d 962.)

When Judge Conger overruled respondents' motion for a dismissal of defendant's counterclaim for a declaration of invalidity, he specifically announced that he would not consider the issues tendered by the second cause of action (the idea action) directly or indirectly (R. 67). Nevertheless findings of fact #22-27 (R. 78-79) were made and used by defendant to support its motion for a summary dismissal of respondents' second cause of action on the idea. Thus defendant caused findings of fact to be unnecessarily and presumably made for one purpose, but actually and consciously used for an entirely different purpose.

Obviously, the only reason that defendant insisted that the Court try the issue of validity, upon the pretense that a controversy existed, was to obtain findings of invalidity, before the jury trial of the second cause of action, and thereby avoid said jury trial (R. 133).

The Circuit Court struck out from the judgment of the District Court the declaration of invalidity, and in all other respects affirmed the judgment dismissing the first cause of action on the patent and granting relief under the counterclaim (R. 139). The judgment dismissing the second cause of action was reversed because no longer supported by findings of fact.

We respectfully submit that the judgment of the Circuit Court is correct and entirely in accord with the weight of judicial authority, and should not be reviewed on a writ of certiorari.

The Questions Presented.

It will be noted that the questions propounded by defendant (petition, pp. 6-7) disregard and omit the essential facts of this case, as stated above. The facts of this case distinguish it from the cases cited by petitioner.

The questions presented really are:

(1) Was it legally wrong for the District Court to pass upon the validity of respondents' patent, where the alleged controversy over the patent had come to an end and had ceased to have any practical importance to the parties, by reason of respondents' admission of non-infringement, accompanied by the entry of judgment dismissing the patent action on the merits in defendant's favor, and the grant of the injunctive relief against harassment that had been requested by defendant?

(2) Was it legally wrong for the District Court, sitting without a jury, to pass on the issue of validity, where said issue was triable as of right by a jury on respondents' demand?

(3) Was it an abuse of discretion for the District Court, sitting without a jury, to pass on the issue of validity, where defendant's interest in said issue was moot and academic, and where respondents were vitally interested that the Court should not pass on said issue of validity because in so doing it might find facts that would be fatal to them on the issues raised by their second cause of action for the appropriation of their novel idea, triable as of right to a jury?

The Opinions Below.

The District Court (Conger, *D. J.*), held, on the facts stated above, that the counterclaim for a declaratory judgment was properly before him for adjudication (R. 69) and that it was proper for him to try the issue of validity without a jury (R. 70). His opinion is reported in 40 Fed. Supp. 570.

The same Court (Leibell, *D. J.*), held that upon Judge Conger's findings of invalidity, he had to grant defendant's motion for summary judgment dismissing the second cause

of action, because no further issues remained for trial (R. 108). His opinion is reported in 2 F. R. D. 294, 52 U. S. P. Q. 450.

The Circuit Court held that upon the facts stated above it was wrong, as well as an abuse of discretion, for the Court to have entertained defendant's counterclaim for a declaratory judgment, and to have passed upon the issue of validity without a jury (R. 131, 133), and accordingly struck out the declaration as to invalidity but otherwise affirmed the judgment on the patent action, and the grant of injunctive relief against harassment, and reversed the judgment dismissing the second cause of action. The opinion of the Circuit Court on the appeal, and its opinion denying defendant's petition for a rehearing, are reported in 57 U. S. P. Q. 1.

THE ARGUMENT.

POINT I.

With respondents' admission of defendant's non-infringement of the patent in suit, accompanied by the entry of judgment on the merits in defendant's favor, dismissing respondents' patent action, and granting the injunctive relief against harassment as requested by defendant, and there being no contemplated change in the design of defendant's cars, the alleged actual controversy between the parties had ended, and the Court had no jurisdiction to try defendant's counterclaim for a declaratory judgment.

Concededly respondents admitted that none of the cars that defendant manufactured, infringed on their patent #1,983,983. It is further conceded that the record contains no indication or suggestion that defendant contemplated a change in the design of its cars, and in fact none of its cars

to this day embody the patented device. It is further conceded that respondents had not threatened the defendant with suits against any future designs of cars which it might make (R. 132) and were enjoined by the judgment (R. 81, 82) from ever again harassing defendant or its customers and from ever again asserting infringement against them. These facts lead to the legal conclusion that the issue of the validity of respondents' patent had become moot, leaving no justiciable controversy upon which the Court could properly render a declaratory decree of invalidity.

Electrical Fittings v. Thomas & Betts (1939) 307 U. S. 241;

Cover v. Schwartz (C. C. A. 2, 1942) 133 Fed. 2d 541;

Freeman v. Allvater (C. C. A. 8, 1942) 130 Fed. 2d 763.

Where the facts do not present a justiciable controversy, one that is definite and concrete, touching the legal relations of the parties having adverse legal interests, an action for a declaratory judgment may not be entertained.

Aetna Life Insurance Company v. Haworth, 300 U. S. 227;

Ashwander v. Tennessee Valley Authority, 297 U. S. 288.

It follows that upon the facts in this case, it was improper for the District Court to make a declaration as to the invalidity of respondents' patent, the alleged controversy between the parties having come to an end.

This principle is firmly embedded in the federal law, and should not be made to depend, as suggested by petitioner, upon whether the party seeking the declaration is called a plaintiff or a defendant in a law suit.

Furthermore, where a counterclaim for declaratory judgment to have a patent adjudged invalid adds nothing to the issues already before the Court, it constitutes mere surplusage, and should not be entertained.

Brillhart v. Excess Ins. Co. of America (1942) 316 U. S. 491;

Meeker v. Baxter (C. C. A. 2) 82 F. 2d 183;

Aetna Casualty & Surety Co. v. Quarles (C. C. A. 4) 92 F. 2d 321;

Maryland Casualty Co. v. Consumer's Finance Service Inc. (C. C. A. 3) 101 F. 2d 514;

Aetna Casualty & Surety Co. v. Yeates (C. C. A. 4) 99 F. 2d 665.

This, for the reason that Rule 41a F. R. C. P. assures a defendant that, after he has interposed an answer, the Court will make a determination of the issues adequate in law to protect him, thereby obviating the necessity for a declaration pursuant to the Declaratory Judgment Act.

Lambert v. Dempster Bros. (D. C. Tenn. 1940) 34 F. S. 610;

Scrugges v. Casco Corp'n (D. C. Conn. 1940) 32 F. S. 625.

POINT II.

Respondents' patent action being at law to recover a sum of money in excess of \$20.00, and a jury trial having been duly demanded, the issues of infringement and validity were triable as of right to a jury. Respondents could not be deprived of that right by defendant's assertion on the same issues of a counterclaim for a declaratory judgment triable without a jury.

The action herein being at law to recover money damages in excess of \$20.00, respondents had a constitutional right

to a jury trial of the issues, and having demanded one, without ever having waived said right, they were entitled to have all the issues raised by their complaint and defendant's answer determined by a jury.

U. S. Constitution, 7th Amendment; 35 U. S. C. A. §67;
Federal Rules Civ. Proc., Rule 38;
Beaunit Mills Inc. v. Eday Fabrics Sales Corp.
(C. C. A. 2, 1941), 124 Fed. 2d 563.

Thus the issues of infringement and validity of respondents' patent were triable to a jury. Respondents did not lose this valuable right by reason of defendant's assertion of its counterclaim for a declaratory judgment.

Hargrove v. Amer. Cent. Ins. Co. (C. C. A. Okla., 1942) 125 Fed. 2d 225;
Mutual Life Ins. Co. of N. Y. v. Krejci (C. C. A. Ill., 1941) 123 Fed. 2d 594;
Bakelite Corporation v. Lubi-Zol Development Corporation (D. Ct. Del., 1940) 34 Fed. Supp. 142.

If defendant was entitled at all to have a declaration on the issue of validity, said declaration had to be made by a jury, respondents having demanded a jury trial. [28 U. S. C. A. Sec. 400 (3) Rule 57 F. R. C. P.] When the District Court made the declaration of invalidity in the absence of the jury, he in effect deprived respondents of their constitutional right to a jury trial of the issues in this case. As stated by Judge Learned Hand (R. 133):

" * * * the only substantial interest of the defendant that we can see is that a declaration made under the counterclaim might enable it to avoid a trial of the second cause of action to a jury, as it did. That in-

terest was of course one which the Court could not properly recognize."

The District Court usurped respondents' constitutional right to trial by jury in this case, and the Circuit Court so held.

POINT III.

Where defendant's interest in a declaration as to the validity of respondents' patent had become moot and academic, and where respondents had a vital interest that no declaration as to validity should be made, because of the pendency of a jury action involving issues the trial of which by a jury might be prevented by the Court's findings of invalidity, and where the issue of validity could be adequately and properly determined in a jury action then pending between the parties, it was an abuse of discretion for the Court to order a separate non jury trial of the issue of validity.

Di Giovainni v. Camden Fire Ins. Ass'n, 296 U. S. 64;

Adamos v. New York Life Ins. Co., 293 U. S. 386;

Enelow v. New York Life Ins. Co., 293 U. S. 379;

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U. S. Shipping B'd Merchant Fleet Corporation to Use of U. S. v. U. S. Fidelity & Guaranty Co. (C. C. A., D. of C., 1935) 77 F. 2d 370;

U. S. Fidelity & Guaranty Co. v. Goetz, 285 N. Y. 74;

Wood v. Hegaman & Co., 245 App. Div. 890, 282 N. Y. S. 351;

Greenberg v. Prudential Insurance Co., 246 App. Div. 727, 283 N. Y. S. 619.

Liberty Oil Co. v. Condon National Bank, 260 U. S. 235 is not applicable to this case for the reason that the parties in said action had waived their right to a jury trial in writing.

POINT IV.

No special or important reasons exist for granting certiorari to review the judgment of the Circuit Court.

1. No new question of Federal Law, requiring settlement by this Court, is presented by the case at bar. The law is well settled that upon a finding or admission of non-infringement, the issue of validity becomes moot, leaving no justiciable controversy upon which the Court may properly render a declaratory decree. The law is also settled that the declaratory judgment act may not be used to avoid a jury trial. What defendant wanted was not so much a declaration that respondents' patent was invalid, but rather findings of fact to enable it to prevent respondents' second cause of action from ever being tried before a jury (R. 133). Furthermore, since defendant was not infringing on the patented device and is still not infringing on respondents' patent its only reason for the declaration was to obtain an advisory opinion as to the validity of respondents' patent. This the law does not allow. The law is well settled that an actual controversy must be present before a Federal Court may entertain an action for a declaratory judgment, and that the jurisdiction of the Court may not be invoked for the purpose of obtaining an advisory opinion. The case at bar represents an application of these well settled principles of Federal Law.

2. The decision in the case at bar is not in conflict with any other decision. *Knaust Brothers Inc. v. Goldschlag*, 119 F. 2d 1022 (C. C. A. 2) affirming 28 F. Supp. 188, is clearly distinguishable from the case at bar. That case was

in equity commenced in 1937, prior to the adoption of the new Federal Rules. The right of trial by jury was not involved. Furthermore, appellant conceded on the appeal the invalidity of the patent, which, it had admitted on the trial, had not been infringed (R. 137). Hence the *Knaust* case is different from and not in conflict with the case at bar, for the reason that both invalidity and non-infringement were conceded by appellant.

Yardley v. Houghton Mifflin Company, Inc., 108 F. 2d 28, is not in point. First of all plaintiff had conceded invalidity at the trial (Petition, p. 10). Secondly the case was in equity and was commenced prior to the adoption of the new rules of Federal Procedure, and the right of trial by jury was not involved.

In both the *Knaust* and *Yardley* cases counterclaims were necessary because the plaintiffs therein could voluntarily have discontinued their actions, Rule 41a F. R. C. P. not being then in effect. The instant action could not be voluntarily discontinued because Rule 41a F. R. C. P. controlled it. Neither the *Knaust* case nor *Yardley* case, *supra*, is in point, and neither is in conflict with the case at bar.

Cover v. Schwartz (C. C. A. 2), 133 F. 2d 541 is entirely consistent with the case at bar. In fact the Circuit Court cited it as authority for its conclusion in the instant case. The mere fact that Judge Clark differed with the majority on the application of the principles of law to the facts in the *Cover* case, does not mean that confusion exists in the Second Circuit as to what the principle of law is.

In *Alfred Hoffman, Inc. v. Knitting Machines Corporation* (C. C. A. 3), 123 F. 2d 458, the decision of the Circuit Court was on the pleadings, which, deemed to be true for the purpose of the motion, stated that an actual controversy existed. That fact distinguishes the cited case from the one at bar where no actual controversy was found to exist. Furthermore the cited case was equitable in nature and the

right to a jury trial was not involved. There is no conflict between the cited case and the case at bar.

It is respectfully submitted that petitioner has failed to make out a case for the granting of certiorari, within the meaning of Rule 38, sub. 5 of the Rules of this Court.

POINT V.

Defendant's admissions and respondents' proof cast great doubt upon the validity of Judge Conger's findings of fact, in so far as they relate to respondents' second cause of action.

Petitioner's Point 4 seems to say that a speedy and inexpensive determination of a law suit is preferable to a just one. The new Rules of Fed. Proc. do not advocate such a philosophy.

Judge Conger found, among other facts, that respondents' idea for a novel construction of the interior of defendant's coupe cars was used by defendant prior to February, 1934, the time respondents admittedly disclosed their idea to defendant (R. 78, 79). These findings were made on issues that concededly were not before the Court for determination. They are contradicted by defendant's own admissions and respondents' proof. These findings have deprived respondents of their fair day in Court.

In an examination before trial (R. 36-57), Fred K. Brun, defendant's supply manager of overseas operation testified as follows:

(R. 39) "Q. Do you know what I mean by opera seats in coupes and roadsters?

A. Yes, I think so.

Q. What is your understanding of opera seats in coupes and roadsters?

A. The seats that will collapse against the back or side of the body of the car, usually without armrest or back rest."

* * * * *

(R. 40) "Q. Will you please confine yourself to coupes and roadsters and tell me when, if you know, were opera seats in the sense you have just used those words, used for the first time by this Corporation?

A. In 1935."

* * * * *

(R. 41) "Q. Has there been a tendency to substitute opera seats for rumble seats?

A. There was such a tendency.

Q. When you say there was, until what time are you talking about?

A. That trend was present until the 1939 model year."

The foregoing admissions that defendant used respondents' idea for coupe construction in 1935 for the first time contradicts Judge Conger's finding that defendant used it first in the year 1933. It will be noted that the Court did not find that the idea was used in 1934, but that defendant next used the idea in 1935. Respondents had given defendant the idea in February, 1934, and defendant so admits.

Judge Conger in his opinion (R. 73) conceded that defendant's Fleetwood automobile which he found to contain opera seats in 1933 (R. 78, 79) was not shown as an existing car in 1934 in the publication "Motor" which was published to show all the new automobiles that were made by manufacturers and exhibited by them at the annual automobile show. Judge Conger stated (R. 73), "It is true that the 1934 model of Fleetwood body with opera seats is not shown in this particular magazine * * *"

We respectfully submit that Judge Conger's findings that defendant's use of respondents' idea (second cause of action)

antedated respondents' disclosure of same to defendant in February 1934 are contradicted by the record, and their validity are in serious doubt. They surely should not be permitted to be the basis of a dismissal of respondents' second cause of action without a trial.

CONCLUSION.

We respectfully submit that the decision of the Circuit Court properly and correctly rectified the errors committed by the District Court, in accordance with law, and that no special or important reasons exist for granting certiorari. The defendant's petition for a writ of certiorari should be denied.

Respectfully submitted,

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